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June 18, 2004

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

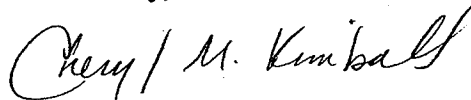
RE: Investigation Regarding the Assignment of Interstate Pipeline Capacity Pursuant to D.T.E. 98-32-B, D.T.E. 04-1

Dear Ms. Cottrell:

Please find attached the responses of NSTAR Gas Company (the "Company") to the information requests of the Department of Telecommunications and Energy (the "Department") in the above-referenced proceeding listed on the accompanying page. Please note that the responses include revised responses to Information Requests LDC-1 and 2, filed originally by the Company on June 9, 2004, which include additional contract information. The Company will supplement its responses to Information Requests LDC-5, 6, 7, 11 and NSTAR-2 as soon as possible.

If you have any questions regarding this filing, please do not hesitate to contact me.

Sincerely,



Cheryl M. Kimball

Enclosures

cc: Service List
James Daly
Kerry Britland
Tam Ly

Responses to Information Requests Filed Herewith

DTE-LDC-1 (Revised)

DTE-LDC-2 (Revised)

DTE-LDC-4

DTE-LDC-5

DTE-LDC-6

DTE-LDC-7

DTE-LDC-8

DTE-LDC-9

DTE-LDC-10

DTE-LDC-11

DTE-LDC-12

DTE-LDC-13

DTE-NSTAR-2

Information Request DTE-LDC-1-1

Please provide the following information for all of the Company's current gas supply and storage contracts in a tabular form.

- (a) name of supplier or storage facility
- (b) length of contract, indicating starting and expiration dates
- (c) total volume and Maximum Daily Quantity ("MDQ")
- (d) pricing terms
- (e) delivery points
- (e) terms of contract, e.g., whether evergreen

Response (Revised)

Current NSTAR Gas gas supply contracts are provided in Table 1A below. Current NSTAR Gas storage contracts are provided in Table 1 B below.

Table 1-A
Current NSTAR Gas Supply Contracts

<u>Company</u>	<u>Start Date</u>	<u>End Date</u>	<u>MDQ</u>	<u>Location</u>	<u>Period</u>	<u>Total Qty</u>	<u>Evergreen</u>	<u>Price Terms</u>
TXU Portfolio Management	11/01/2003	10/31/2004	142,546	AGT City Gates	11-01-03 to 03-31-04	21,666,992	No	See Note 1 Below
			82,789	AGT City Gates	04-01-04 to 10-31-04	17,716,846		
			74859	TGP City Gates	11-01-03 to 03-31-04	11,378,568		
			47,387	TGP City Gates	04-01-04 to 10-31-04	10,140,818		
Emera Energy Services Inc.	11/01/2003	10/31/2004	4,500	Worcester, MA	366 days	1,647,000	No	See Note 2 Below

Note 1: The prices are also based on the specific pipeline production area indices and differ between monthly baseload quantities and daily swing quantities.

Note 2: Prices at the Canadian border are based on the Nymex settlement price, plus a basis. The delivered cost is the border price adjusted by Iroquois and Tennessee variable transportation costs, plus fuel.

NSTAR Electric
Department of Telecommunications and Energy
D.T.E. 04-1
Information Request: **DTE-LDC-1-1**
June 18, 2004
Person Responsible: James Daly
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Table 1-B
Current NSTAR Underground Storage Contracts

Company	Contract #	Rate Schedule	Capacity	MDQ	Start Date	Term Date	Delivery Point	Evergreen	Price Terms
Texas Eastern	400145	SS-1	610,599	5,170	06/01/1993	04/30/2012	AGT- NJ	Yes - yr to yr unless 5 yr notice	FERC Tariff
Texas Eastern	400146	SS-1	404,670	5,781	06/01/1993	04/30/2013	AGT- NJ	Yes - yr to yr unless 5 yr notice	FERC Tariff
Texas Eastern	400147	SS-1	1,916,400	31,940	06/01/1993	04/30/2012	AGT- NJ	Yes - yr to yr unless 5 yr notice	FERC Tariff
Texas Eastern	400506	FSS-1	80,520	1,324	09/01/1994	04/30/2012	TETCO M2/M3	Yes - yr to yr unless 5 yr notice	FERC Tariff
Texas Eastern	412007	SS	22,820	326	09/01/1994	10/31/2012	AGT- NJ	Yes - yr to yr unless 5 yr notice	FERC Tariff
Dominion Trans	600005	GSS	1,064,618	11,008	04/01/1980	03/31/2007	TETCO- Oakford, PA	Yes -yr to yr 24 mo notice	FERC Tariff
Dominion Trans	300057	GSS	929,434	8,449	10/01/1993	03/31/2007	TGP- Ellisburg, PA	Yes -yr to yr 24 mo notice	FERC Tariff
Tennessee	526	FSMA	1,255,060	9,439	12/01/1994	10/31/2006	TGP Ellisburg, PA	Yes - yr to yr unless 5 yr notice	FERC Tariff
Steuben Storage	Steuben	Firm Storage	1,295,000	11,865	09/24/1991	03/31/2011	DTI- Woodhull, NY	Yes -yr to yr 12 mo notice	FERC Tariff
National Fuel	O10516	FSS-1	350,000	3,182	04/01/2003	03/31/2006	Nat Fuel System	Yes -yr to yr 12 mo notice	FERC Tariff

Information Request DTE-LDC-1-2

Please provide the following information for all current transportation contracts in a tabular form.

- (a) length of contract, indicating starting and expiration dates
- (b) total volume and Maximum Daily Quantity ("MDQ")
- (c) pricing terms
- (d) terms of contract, e.g., whether evergreen
- (e) name of interstate pipeline

Response (Revised)

See Table 2 below.

Table 2 NSTAR Transportation Contracts								
Pipeline	Rate Schedule	Contract #	MDQ	Total Volume	Pricing	Start date	Term Date	Evergreen
Tennessee	FTA	629	10,000	3,650,000	FERC Tariff	09/01/1993	10/31/2006	Yes - 5 yr ext unless 12 mo notice
Tennessee	FTA	625	12,000	4,380,000	FERC Tariff	09/01/1993	10/31/2006	Yes - 5 yr ext unless 12 mo notice
Tennessee	FTA	630	25,387	9,266,255	FERC Tariff	09/01/1993	10/31/2006	Yes - 5 yr ext unless 12 mo notice
Tennessee	FTA	41114	4,500	1,642,500	FERC Tariff	11/01/2002	11/30/2011	Yes - 5 yr ext unless 12 mo notice
Tennessee	FTA	2376	9,439	3,445,235	FERC Tariff	09/01/1993	10/31/2006	Yes - 5 yr ext unless 12 mo notice
Tennessee	FTA	201	8,433	3,078,045	FERC Tariff	09/01/1993	10/31/2006	Yes - 5 yr ext unless 12 mo notice
Tennessee	FTA	41113	9,600	3,504,000	FERC Tariff	11/01/2002	10/31/2012	yr to yr ext unless 12 mo notice
Tennessee	IT-X	12145	50,000	18,250,000	FERC Tariff	11/01/1995	10/31/2006	No
TETCO	CDS	800290C	33,165	12,105,225	FERC Tariff	06/01/1993	10/31/2012	Yes - yr to yr unless 5 yr notice
TETCO	FT-1	800291	49,624	18,112,760	FERC Tariff	06/01/1993	10/31/2012	Yes - yr to yr unless 5 yr notice
TETCO	CDS	800527	1,342	489,830	FERC Tariff	10/01/2003	10/31/2012	Yes - yr to yr unless 5 yr notice
TETCO	FTS	330842	10,380	3,788,700	FERC Tariff	06/01/1993	10/31/2009	2 yr notice to terminate or reduce
TETCO	FTS-7	331701	6,267	2,287,455	FERC Tariff	06/01/1993	03/31/2006	Yes - yr to yr unless 2 yr notice
TETCO	FTS-7	331723	266	97,090	FERC Tariff	11/01/1996	03/31/2006	Yes - yr to yr unless 2 yr notice
TETCO	FTS-8	331820	4,277	1,561,105	FERC Tariff	11/01/1996	03/31/2006	Yes - yr to yr unless 2 yr notice
National Fuel	FST	N10517	3,182	1,161,430	FERC Tariff	04/01/2003	03/31/2006	Yes -yr to yr 12 mo notice
Transco	FT	1006431	3,073	1,121,645	FERC Tariff	06/01/1993	05/31/2008	Yes -yr to yr 12 mo notice
Algonquin	AFT-E1	93004EC			FERC Tariff	04/01/1998	10/31/2012	Yes -yr to yr 12 mo notice
	Nov 16- Apr 15		89,316	13,486,716				
	Apr 16 - May 31		75,338	3,465,548				
	June1- Sept 30		47,387	5,781,214				
	Oct 1 - Nov 15		75,338	3,465,548				
	Total			26,199,026				
Algonquin	AFT-1B	98102			FERC Tariff	06/01/1993	10/31/2012	Yes -yr to yr 12 mo notice
	Nov 16- Apr 15		6,266	946,166				
	Apr 16 - May 31		4,177	192,142				
	June1- Sept 30		0	0				
	Oct 1 - Nov 15		4,177	192,142				
	Total			1,330,450				
Algonquin	AFT-12	93204C	13,453	4,910,345	FERC Tariff	11/01/1998	10/31/2012	Yes -yr to yr 12 mo notice
Algonquin	AFT-14	93403	16,226	5,922,490	FERC Tariff	06/01/1993	10/31/2012	Yes -yr to yr 12 mo notice
Algonquin	AFT-1B	98103	17,285	6,309,025	FERC Tariff	06/01/1993	10/31/2012	Yes -yr to yr 12 mo notice
Algonquin	X-33	932001	40,000	6,040,000	FERC Tariff	12/01/1988	12/01/2008	Yes -yr to yr 24 mo notice
Dominion	FT	200040	11,792	4,304,080	FERC Tariff	09/24/1991	03/31/2011	terminated
Iroquois	RTS	61001	4,553	1,661,845	FERC Tariff	08/01/1999	12/01/2011	Yes -yr to yr 12 mo notice

Information Request DTE-LDC-1-4

Please discuss and fully support your answer with respect to the reduction in the number of marketers since 1999 up to day. Is it because consumers decide to migrate back to the LDC or it is because marketers leave the system and as a result, customers have to go back to default service?

Response

There are a number of reasons for the reduction in the number of retail gas marketers serving the Massachusetts market. Several marketers have simply decided that retail energy marketing is not a core business and have withdrawn from the market. Other marketers have departed the market because of financial distress. In some cases, marketers have departed because of an increase in the cost of credit for energy marketing companies, which resulted from the recent problems in the marketing sector.

Some of the customers displaced by departed marketers have migrated to active marketers while others have returned to LDC default service.

Information Request DTE-LDC-1-5

Please provide information on transportation service for the period 1996-present on a seasonal basis (heating and non-heating seasons) as it is depicted in attached Table 1: "Transportation Service"

Response

The Company is currently compiling data in response to this request. However, due the extended absence of key personnel, the Company requires additional time to complete its response to this request.

Information Request DTE-LDC-1-6

Please provide information on reverse migration experienced by the Company during the period 1996-present on a seasonal basis (heating and non-heating seasons) as depicted in attached Table 2: "Reverse Migration"

Response

The Company has not tracked data regarding "reverse migration." The Company would need to develop a computer program to extract such data from the Company's billing records. The Company will endeavor to do so, unless directed otherwise by the Department.

Information Request DTE-LDC-1-7

Please provide information on marketers serving the Company's service territory during the period 1996-present on a seasonal basis (heating and non-heating seasons) as depicted in Table 3: "Active Marketers"

Response

Please see the Company's response to information request LDC-8 for data regarding the entering and exit dates for the Company's Active Marketers. However, due the extended absence of key personnel, the Company requires additional time to compile information relating to the volume associated with the Company's marketers.

Information Request DTE-LDC-1-8

Please compute the median time period of marketers, serving the Company' service territory, during the period 1996 to present.

Response

As demonstrated below, the median time of service for all marketers that have served the Company's service territory is 44 months.

	Active Period		Months
	Entering Date	Exiting Date	
Marketer A	03/1992	*Active, but exiting market	129
Marketer B	01/1992	08/1999	92
Marketer C	02/1995	07/2002	90
Marketer D	08/1990	03/1997	79
Marketer E	08/1994	10/2000	75
Marketer F	11/1994	07/1999	56
Marketer G	11/1996	04/2002	65
Marketer H	03/1997	06/2000	40
Marketer I	04/1997	12/1998	20
Marketer J	04/1997	10/1999	31
Marketer K	05/1997	12/2000	41
Marketer L	06/1997	06/1999	25
Marketer M	09/1997	07/2000	35
Marketer N	09/1997	02/2000	30
Marketer O	01/1998	12/1998	12
Marketer P	02/1998	12/2000	35
Marketer Q	12/1998	05/2000	18
Marketer R	10/1999	Active	55
Marketer S	07/1999	02/2001	19
Marketer T	06/1999	Active	59

Marketer U	07/1999	Active	58
Marketer V	07/1999	Active	58
Marketer W	2000 off & on (served interruptibles)	2000	12
Marketer X	01/2000	Active	54
Marketer Y	06/2000	Active	49
Marketer Z	09/2000	11/2003	46
Marketer AA	11/2002	11/2003	12
Marketer AB	11/2003	Active	8
Median			44

Information Request DTE-LDC-1-9

Describe all the activities directed to both consumers and marketers that the Company undertook to facilitate the transition to a competitive market since the 1999 Unbundling order issued by the Department.

Response

In early 2000, NSTAR Gas Company participated in the Customer Education Group of the Massachusetts Gas Unbundling Collaborative. The group consisted of representatives from various local distribution companies, the Department of Telecommunications and Energy, the Division of Energy Resources (the "DOER"), the Office of the Attorney General, Associated Industries of Massachusetts and gas marketers. The purpose of the Customer Education Group was to develop a communication strategy for informing gas consumers of retail choice.

In addition to bill inserts, the Customer Education Group discussed other communications vehicles including speaker's bureaus, publicity and a consumer guide book that was to be offered by the DOER but developed by the group. A bill message was placed on gas bills in March 2000 which stated: "The natural gas industry is preparing for competition. Watch your April bill for more information." A bill insert outlining upcoming changes was developed by the group and mailed to customers in April and May 2000.

The consumer guide book began to be developed but was put on hold due to general lack of interest from gas marketers in the residential market. The group was concerned about creating consumer interest in a market that was non-existent. Ultimately, further Customer Education Group meetings were suspended due to residential market conditions.

Information Request DTE-LDC-1-10

Please provide the following information for the period January 2003 through December 2003:

- (a) the Company's peak day load to serve both firms sales and firm transportation customers;
- (b) volume (in MMBtu) and percentage of peak day load to serve firm transportation customers over the Company's peak day load (obtained in part a);
- © volume (in MMBtu) and percentage of the Company's peak day load (obtained in part A) that would come up for renewal over the next five years;
- (d) incremental capacity needs (in MMBtu) anticipated by the Company for the next five years;
- (e) compute the sum of volume obtained in parts C and D above and compute the percentage of the resulting volume with respect to the Company's 2003 peak day load.

Response

- a) The 2003 peak day was January 22, 2003. Total throughput was 427,322 dekathrems ("dth").
- b) Firm transportation volumes were 87,142 dth or 20.4% of the total.
- c) In the next 5 years 76,069 dth of firm pipeline capacity to the city gate stations will expire. This is 17.8 percent of the peak day throughput from 2003.
- d) In the last long- range forecast filing by the Company for the period 2001-2002 through 2005-2006, the Company stated that it had adequate resources to peak its projected peak day requirements, but anticipated a need to acquire additional winter seasonal resources that could be purchased at the Company's city gate. Approximately 400 BBTU was a projected seasonal requirement for 2005-2006. The Company's next official 5-year forecast will be filed next year. Assuming that this city gate purchase is spread evenly over 151 days, the MDQ is 2,649 dth.
- e) The sum of the maximum daily quantities in parts (c) and (d) is 78,718 dth, representing 18.4 percent of 2003 peak day throughput.

Information Request DTE-LDC-1-11

Please provide information on switching activities (transfers from marketer to marketer) for the period 1996-present on a seasonal basis (heating and non-heating seasons) as it is depicted in attached Table 4: "Switching Activity"

Response

The Company has not tracked data regarding customer "switching activity." The Company assigns capacity in blocks and therefore, it would be administratively burdensome to track customer transfers from marketer to marketer.

Information Request DTE-LDC-1-12

Please provide information on gas and capacity costs for the period 1996-present on a seasonal basis (heating and non-heating seasons) as it is depicted in attached Table 5: "Gas and Capacity Costs"

Response

NSTAR Gas Company's Gas Adjustment Factor ("GAF") filings with the Department of Telecommunications and Energy develop a single GAF used for all firm sales customers. Table 5 below provides the response covering the GAFs in effect from Off-Peak 2002 through the current period, Off-Peak 2004. NSTAR will submit the balance of the response when all of the relevant data has been retrieved. The information in the table uses the definition of commodity cost from the GAF and firm sales volumes to calculate average gas costs and the definition of demand charges from the GAF and firm sales volumes to calculate the average capacity cost. All other components of the GAF including surcharges and reconciling adjustments are included in the category "Other".

Table 5
NSTAR Gas and Capacity Costs (\$/Dth)

<u>Season/Year</u>	<u>Ave. Gas Cost</u>	<u>Ave. Capacity Cost</u>	<u>Total GAF</u>	<u>Volume (Dth)</u>	<u>GAF Other</u>
Off-Peak 2004	\$6.952	\$1.012	\$5.976	8,023,931	(\$1.988)
Peak 2003-04	\$6.537	\$1.652	\$8.121	28,862,036	(\$0.068)
Off-Peak 2003	\$6.808	\$0.920	\$8.180	8,777,461	\$0.452
Peak 2002-03	\$4.622	\$1.688	\$6.139	27,582,994	(\$0.172)
Off-Peak 2002	\$3.803	\$1.049	\$3.828	8,045,120	(\$1.023)

Information Request DTE-LDC-1-13

Some market participants propose that LDCs should calculate and release a baseload level of capacity associated with the marketer's load for a year, and only execute monthly recalls and re-releases of incremental levels of capacity, "baseload method of assignment." According to the marketers, this proposed practice will benefit customers and will improve efficiencies for both the LDCs and marketers. In this regard, please:

- (a) discuss whether you would agree with marketers in terms of improved efficiencies and benefits for customers;
- (b) discuss the potential pros and cons of the base method of assignment respect to the current method of monthly releases and recalls in place.

Response

- (a) From the Company's perspective, the "baseload" method would not appear to provide any significant increase or decrease in efficiency as compared to the Company's current methodology. However, the Company acknowledges that individual marketers may gain efficiencies through the baseload method of capacity assignment. With the caveat regarding increased credit risks noted in (b) below, the Company is willing to consider using this methodology if the Department were to determine that the efficiencies to be gained by the methodology outweigh the increased credit risks of local distribution companies that would likely result from its adoption.
- (b) The Company's primary concern with the proposal is that it is likely to lead to increased credit risks for the local distribution companies. For example, the Company currently releases capacity on a monthly basis. Under the proposed baseload method, the Company would release capacity on an annual basis. However, if a marketer failed to pay the pipeline for assigned capacity, the Company may be liable for such costs as the holder of the base contract even though the marketer had use of the capacity for the period of time for which payment was not made. Moreover, if a marketer were to file for bankruptcy, the capacity may not be recallable because it would be subject to the bankruptcy court proceeding.

Information Request DTE-NSTAR-1-2

Refer to NSTAR initial comments at 3. Please provide evidence that transportation levels increased after implementation of mandatory capacity assignment (Appendix C only indicates data for years 2001-2003).

Response

The Company is unable to locate in its Initial Comments a reference to a claim that transportation levels increased after implementation of mandatory capacity assignment. The Company is in the process of compiling transportation data for the period prior to the year 2001 in order to determine if a trend regarding transportation levels for the Company's customers can be deduced. However, because of the extended absence of key personnel, the Company requires additional time to complete its response to this request.